



Agenda Item No: 2.b

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: April 1, 2025

Submitted by: Gabriel Guerrero-Gabany

From: Public Works

Subject:

Fiscal Year 2025-26 Capital Improvement Program - Study Session No. 2

Financial Impact:

Fiscal Impact:

The fiscal impact will be determined with final adoption of the Fiscal Year 2025-26 CIP Budget.

Summary:

The Capital Improvement Program (CIP) represents a critical part of the City's long-term planning and budgeting efforts. The CIP includes planned investments in our infrastructure, which includes streets, facilities, parks, fleet, technology and other longer-term capital assets necessary to maintain and improve the quality of life for our community. These projects proposed in the CIP are typically significant in the scope and cost and often require several years to complete.

On February 18, 2025 City Council conducted its first study session related to the FY 2025-26 CIP. During this meeting staff presented on the anticipated funding available, critical projects as well as overall capital needs. City Council provided direction on critical projects including the Golden Avenue Bridge project and the FY 2024-25 Street Rehabilitation project. Council also requested additional information regarding the Underground Storage Tank (UST) Removal project.

At this time staff will present updates on the FY 2024-25 Street Rehabilitation project as well as the UST Removal project. Staff is requesting Council to provide additional direction on the allocation of Measure U funds which will be incorporated into the FY 2025-26 CIP that will be brought before Council in a future meeting.

Recommendation:

Recommended Action:

It is recommended that the City Council take the following actions:

1. Receive and file the staff report and presentation; and
2. Provide direction to staff regarding the proposed fuel storage tank options; and
3. Provide direction to staff regarding allocation of Measure U funding.

Strategic Plan Statement:

This item is consistent with the City Council to conform to multiple Strategic Plan Goals by ensuring long-term fiscal sustainability, ensuring that public safety continues to be a high priority, and implementing public infrastructure to meet community needs.

Discussion:

The City's Capital Improvement Program (CIP) identifies major public improvements to the City's infrastructure over the next several years and includes new projects, upgrades to existing facilities, park upgrades, rehabilitation of streets and roadways, as well as other infrastructure needs. Funding for proposed projects for FY 2025-26 are included in the future budget, with the majority of the scheduled projects funded by Measure U, Gas Tax, Enhanced Infrastructure Financing District (EIFD), Development Impact Fees (DIFs), grants and other reimbursements.

City Yard UST Underground Storage Tank - Scope of Work

Following the request from Council at the February 18, 2025 Council Meeting, staff is providing additional information on the Underground Fuel Storage Tanks (UST) located at the City Corporate Yard.

On September 14, 2014, SB 445 Underground Storage Tanks (UST): hazardous substances: petroleum: groundwater and surface water contamination, was signed into law. The law requires that on or before December 31, 2025, all single-walled USTs must be permanently closed and removed. Upon removal, soil samples must be collected and analyzed in accordance with regulations. There are no exemptions, variances, or extensions to the single-walled UST closure deadline. Single-walled UST systems not permanently closed by the deadline will be out of compliance, cannot be operated and are subject to civil penalties of \$500 to \$5,000 per day, per tank, per violation for failure to permanently close by the deadline.

The City has two single-walled USTs for fuel, a 10,000-gallon tank for diesel and another 10,000-gallon tank for unleaded. The unleaded tank registered a leak at the end of November 2023. The City was required to discontinue use of the unleaded tank and remove the fuel. The unleaded tank has been out of use since December 2023. Soil sampling was conducted and did not identify any remediation required by the City related to the unleaded tank. The diesel UST remains in use.

Replacement Options

Staff considered the following options for replacement of the UST.

Option 1: Remove UST and Replace with Aboveground Tanks

This option would remove the UST and replace them with aboveground tanks. Based on the needs of the City, a tank size of at least 5,000 gallons for each fuel type is recommended. Code requires that aboveground tanks be a minimum of 10 feet from other structures. After consulting with the Fire Marshall, it was determined that there is not a location within the Public Works Yard which allows for the required clearance for installation of aboveground tanks. Replacing the existing Underground Storage Tank (UST) with aboveground tanks is not a feasible replacement option and a cost was not explored due to the inability of being able to meet Code requirements.

Option 2: Remove UST & Fuel Offsite

Under this replacement option, the City would remove both USTs along with the dispensers

and utilize off-site agency or commercial retail fueling. As part of the removal process, the City would still be required to conduct soil sampling for the area surrounding the diesel UST and patch the tank area with concrete and asphalt. The estimated cost for this option is \$220,000.

The benefit to this approach is that it eliminates the costs associated with owning and maintaining USTs such as testing, annual inspections, fuel management software and environmental compliance fees which are roughly \$8,000 each year. Additionally, repair costs can be significant over time. The City already has options in place for unleaded fueling with the Placentia-Yorba Linda Unified School District (District) as well as a commercial fueling program in place at SC Fuels. The commercial fuel card program also provides flexibility and the convenience of fueling at various locations both within the City limits and beyond should staff be deployed elsewhere.

One downside to this approach is the City loses the benefit of bulk fuel pricing. When fueling through a commercial fuel card program, the cost per gallon is approximately \$1 more for unleaded fuel. If both USTs are removed, there would also be increased costs for diesel fuel per gallon. The City uses roughly 1,000 gallons of diesel fuel per month.

Following the closure of the unleaded UST, the City opened an account with SC Fuels for a commercial fuel card program. The commercial fuel program allows City vehicles to fuel at SC Fuels stations as well as commercial retail stations. The City receives a small discount when fueling at an SC Fuels branded location versus a commercial retail station where the City pays the full retail price. Based on purchases from when the program was initiated in February 2024 through February 2025, the City pays an average of \$4.566 per gallon for unleaded fuel. During this time, the City purchased 66,171 gallons of fuel and averaged 5,000 gallons of unleaded fuel per month during this period.

The City should realize some savings in purchasing from the District rather than at commercial fueling stations. The District is averaging \$3.59 per gallon in the current fiscal year. Including the 10-cent admin fee, the City would average \$3.69 per gallon, or 87 cents per gallon in savings or approximately \$4,350 per month over the current commercial fuel card rates at SC Fuels. The fueling agreement with the District expires December 31, 2025. If the City were to pursue this replacement option, the agreement with the District would need to be extended and amended to add the option for the City to purchase diesel fuel from the District.

Another con to this option is the lack of fuel at City facilities and the unknown availability of fuel during emergencies or power outages. Without its own fueling facility, there is no guarantee that the City would be able to obtain fuel from another agency or commercial fuel provider. The current commercial fuel provider does not have generators on site nor is that typical of commercial retail stations in general.

The current agreement with District restricts access to the fuel pumps during specific hours so as not to interfere with District fueling activities. The District did agree to make reasonable efforts to supply fuel to the City in emergency situations. However, if there were a large-scale emergency, the District may be required to mobilize its resources which may impact the District's ability to provide fuel to the City.

If there is a power outage, the City relies on diesel-fueled generators to power specific City facilities such as City Hall/Police Station, both fire stations, Public Works Corporate Yard building, and the Public Safety Center buildings. Each generator has a fuel storage tank in

various sizes. If there is a continued power outage or emergency, diesel fuel will be needed to keep the generators running in support of operations.

Option 3: Remove and Replace UST

Under this replacement option, the City would remove the existing UST and replace them both with a single, 10,000-gallon tank split into two, 5,000-gallon sections. The estimated cost for this replacement is \$1,100,000, which includes the \$220,000 removal cost as well as \$880,000 for additional engineering, plans, permits, the new tank, a new dispensing system and additional construction costs.

The benefit of this option is the City can purchase fuel at bulk rate pricing for the next 40 to 50 years. Additionally, the City would manage its own fuel supply to ensure sufficient fuel resources in the event of an emergency. The City would not be reliant on an outside agency or commercial retailer which may not be operational. The City could maintain the account with SC Fuels as a backup should issues with the City's fuel system occur.

Cons to this option are the initial high installation cost and ongoing capital costs. Tanks and related piping leak monitoring stems are prone to periodic failures and require repairs which can be costly. Additionally, there are ongoing monitoring, testing inspection and environmental compliance costs associated with UST systems.

Additional Considerations

Emergency Operations

While determining the replacement option, emergency operations should also be taken into consideration. Based on feedback from the Fire and Life Safety Department (FLSD), it is preferred that the City have the ability to fuel its fleet at a primary and backup location. Additionally, one of the locations should have manual pump ability to be backed up by a generator. Relying on an outside provider during an emergency, earthquake or civil disturbance is not ideal. This would potentially put the City in competition and in line with other agencies and the public. There are also concerns about the ability of a retail provider to obtain fuel during an emergency.

To be adequately prepared for an emergency, FLSD recommends maintaining enough fuel to power the full City fleet of 120 vehicles for a two-week period or roughly 2,500 gallons of unleaded and 500 gallons of diesel fuel.

Fleet Electrification

The City fleet is subject to electrification requirements by the California Air Resources Board's Advanced Clean Fleet regulation which requires vehicles with a gross vehicle weight rating (GVWR) greater than 8,500 pounds to be replaced with zero emission vehicles (ZEV). The City operates under the ZEV Purchase Schedule compliance option which allows the City to operate existing vehicles with no requirement to remove or retire traditional internal combustion engine (ICE) or gas-powered vehicles based on the age of the vehicle, or the miles traveled. Beginning January 1, 2024, 50% of annual purchases of vehicles exceeding 8,500 GVWR must be zero emissions vehicles. The purchase requirement increases to 100% starting January 1, 2027. However, emergency vehicles are exempt from the requirements.

There are 120 vehicles in the City fleet, of which 25 (or 21%) are subject to the Advanced Clean Fleet regulations. Vehicles with GVWR of 8,500 or greater tend to be larger pickup

trucks and heavy equipment such as dump trucks and boom trucks. There are currently limited or no ZEV options to replace equipment in these categories and the City lacks the infrastructure to support additional ZEVs at the Public Works Yard. Additionally, the City does not currently have the capacity to increase power intake at the Civic Center to add vehicle charging stations to accommodate additional ZEVs. The timing and installation of additional chargers and electrical panels power at the Civic Center and Public Works Corporate Yard will depend on available budget as well as Southern California Edison's grid capacity planning efforts and timelines. Projects of this nature typically take up to two years for installation.

The majority of the City's fleet is not subject to the Advanced Clean Fleet regulation. Almost half of the City's fleet, 63 vehicles, belong to Police and FLSD and are considered emergency response vehicles which are not subject to the regulation. Unless regulations change or the City chooses to electrify its emergency fleet, the majority of the City's fleet remains reliant on fuel to remain operable.

Staff is seeking City Council direction regarding the removal of the UST and the preferred fueling method moving forward.

FY 24/25 Streets Project Scope of Work

Following direction from the February 18, 2025 Council Meeting, staff is providing pavement schedule scenarios for priority area 3 based on the funding availability at that time. A map showing the pavement condition index (PCI) of all streets within priority area 3 is provided for reference as Attachment 1.

Scenario 1 allocates all available state funding for streets towards their treatment. See table below for a funding breakdown, which would provide a total construction budget of \$2,634,140.

Available Funding Source for Street Rehabilitation	Amount
SB1/RMRA	\$1,459,900
Gas Tax	\$210,918
Measure M	\$963,322
Total	\$2,634,140

Due to the condition of the majority of streets within the area, and limited funding available, staff is recommending streets be prioritized based on their condition and their ability to be grouped geographically. Council can refer to Attachment 2 for a complete list of streets within priority area 3 ranked by PCI from lowest (very poor condition) to highest (very good condition). Streets chosen for treatment are identified based on the legend thereon. Moving forward with this selection would result in 350,854 square feet of streets being paved, with a total estimated construction cost of \$2,300,508. Refer to Attachment 3 for a map of the selected streets for funding scenario 1.

Scenario 2 allocates the funding previously described as well as recently unencumbered Measure U funds from the Golden Avenue Bridge project. The Golden Avenue Bridge project was able to secure additional federal funding to supplement its construction cost. See table below for breakdown providing a total construction budget of \$4,978,019.

Available Funding Source for Street Rehabilitation	Amount
SB1/RMRA	\$1,459,900
Gas Tax	\$210,918
Measure M	\$963,322
Measure U	\$2,343,879
Total	\$4,978,019

Due to the increased funding, Staff is recommending a more comprehensive approach. Streets that are good candidates for preventative maintenance, but at a point where within the next 7 years they may deteriorate to a point where preventative maintenance is no longer a viable option, will receive routine maintenance treatment. The remaining funding would then be allocated towards streets prioritized based on condition and their proximity to one another, similar to scenario 1. The appropriate application of preventative maintenance measures ensures cost effective pavement management since its significantly cheaper than pavement rehabilitation and reconstruction. See Attachment 4 for a complete list of streets within priority area 3 sorted by PCI. Those recommended for treatment are identified by the legend thereon. Applying this pavement treatment methodology would result in 393,770 square of streets receiving preventative maintenance and 649,154 square feet of streets receiving pavement rehabilitation for a total construction cost of \$4,320,265. Refer to Attachment 5 for a map showing streets recommended for treatment based on funding scenario 2.

Staff also provided a list of other Measure U priority projects identified by staff for Council's consideration should they decide to allocate the recently unencumbered funds from the Golden Avenue Bridge project towards another CIP project. These projects are shown in Attachment 6.

Fiscal Impact Summary:

Fiscal Impact:

The fiscal impact will be determined with final adoption of the FY 2025-26 CIP Budget.

Attachments

[Attachment 1 - Priority Area 3 PCI Map.pdf](#)

[Attachment 2 - Scenario 1 List of Proposed Streets.pdf](#)

[Attachment 3 - Scenario 1 Map of Proposed Streets.pdf](#)

[Attachment 4 - Scenario 2 List of Proposed Streets.pdf](#)

[Attachment 5 - Scenario 2 Map of Proposed Streets.pdf](#)

[Attachment 6 - Measure U Project Priority List.pdf](#)